

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 ARA-06 IO-10 SSO-00 INRE-00

USIE-00 NSCE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

FRB-01 H-01 INR-05 INT-05 L-02 LAB-04 NSAE-00 NSC-05

PA-01 RSC-01 AID-05 CIEP-01 SS-15 STR-01 TAR-01

TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 SWF-01 /095 W

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O P 041726Z DEC 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 4818

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY LONDON PRIORITY

USMISSION EC BRUSSELS PRIORITY

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, NL

SUBJ: MEETING WITH DUTCH MINAG OFFICIALS AND DUTCH TRADE AND
INDUSTRY REPRESENTATIVES REGARDING 1974/75 IMPORT REQUIREMENTS
FOR FEED GRAINS, SOYBEANS, AND SOYBEAN MEAL

1. BEGIN SUMMARY. MINAG OFFICIALS AND LEADING DUTCH TRADERS AND
GRAIN AND SOYBEANS AND MEAL USERS MET WITH GOODMAN AND AMERICAN
DELEGATION ON WEDNESDAY, DECEMBER 4, 1974, TO DISCUSS ACTUAL
DUTCH AND EC IMPORT REQUIREMENTS FOR CORN, SOYBEANS, AND SOYBEAN
MEAL DURING CROP YEAR 1974/75. MAJOR CONCLUSIONS OF THE MEETING
WERE THE FOLLOWING. ADJUSTMENTS IN NETHERLANDS GRAIN CONSUMPTION
AND IMPORTS ARE EXPECTED TO OCCUR MAINLY THROUGH POULTRY FEEDING,
BUT THE MAGNITUDE OF THE CUT WILL DEPEND UPON RELATIVE PRICE
LEVELS AND AVAILABILITY OF FRENCH CORN AND SOFT WHEAT AND OTHER
FEED INGREDIENTS. IT IS GENERALLY EXPECTED THAT EC CORN IMPORT
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REQUIREMENTS IN 1974/75 WILL BE AROUND 8 MILLION M.T. OF WHICH 7

MILLION M.T. WILL BE IMPORTED FROM THE UNITED STATES. THESE FIGURES AGREE WITH THE FIGURES THAT WERE MENTIONED EARLIER BY EC COMMISSIONER LARDINOIS TO SECRETARY BUTZ. END SUMMARY.

2. THE FOLLOWING FIGURES WERE PROVIDED ON GRAIN SUPPLY AND UTILIZATION FOR THE NETHERLANDS IN CROP YEAR 1974/75.

SUPPLY

	MILLION M.T.
GRAIN PRODUCTION	1.3
CHANGE IN STOCKS	.2
IMPORTS	4.1
OF WHICH CORN 3.7 BEING	
FROM THIRD COUNTRIES, 3.0, AND	
FROM EC MEMBERS, 0.7	----
	5.6

UTILIZATION

FEED	3.4
FROM DOMESTIC PRODUCTION, 1.0	
FROM IMPORTS, 2.4 (OF WHICH CORN, 2.0)	
INDUSTRIAL USE	.7
FROM DOMESTIC PRODUCTION, 0.3	
FROM CORN IMPORTS, 0.4	
CORN RE-EXPORTS	1.5

	5.6

3. LIVESTOCK NUMBERS: THE DUTCH PIG POPULATION ON FARMS IS EXPECTED TO BE UP ABOUT 7 PERCENT DURING THE FIRST HALF OF 1975 BUT FOR CALENDAR 1975 IS EXPECTED TO BE ABOUT THE SAME AS IN 1974. UNDER THE VOLUNTARY RESTRICTION PROGRAM DUTCH BROILER PRODUCTION WAS DECREASED BY 20 PERCENT DURING THE SECOND HALF OF 1974 EQUIVALENT TO A REDUCTION OF 10 PERCENT FOR THE CALENDAR YEAR. FOR 1975 IT IS EXPECTED THAT THE PROGRAM WILL BE CONTINUED, WHICH IS EXPECTED TO RESULT IN 10 PERCENT REDUCTION AS COMPARED TO THE 1974 LEVEL. THE DUTCH LAYER POPULATION IN 1975 IS EXPECTED TO REMAIN ABOUT THE SAME AS IN 1974.

4. IN SPITE OF DUTCH PIG NUMBERS BEING UP 7 PERCENT DURING THE FIRST HALF OF CALENDAR 1975, THERE WAS GENERAL CONSENSUS THAT SLAUGHTER WEIGHTS WOULD BE LOWER, THEREBY MODERATING FEED GRAIN LIMITED OFFICIAL USE

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USE FOR PIGS. THIS FEELING WAS BASED UPON THE EC POLICY OF PROVIDING PREMIUM FOR LOWER SLAUGHTER WEIGHTS (BETWEEN 70-87 KGS.) AND HIGHER RELATIVE FEED INPUT PRICES. IN REGARD TO POULTRY-FEED USE, WITH THE LAYER POPULATION BEING UNCHANGED, THE REDUCTION IN FEED USE FOR POULTRY WILL BE ASSOCIATED WITH THE REDUCTION IN BROILER NUMBERS. HOWEVER, BROILERS ACCOUNT FOR ONLY 30-40 PERCENT OF TOTAL POULTRY FEED UTILIZATION SO THAT THE PLANNED REDUCTION IN BROILER OUTPUT WILL RESULT IN A MODEST DECLINE IN FEED USE.

THE DAIRY CATTLE POPULATION WILL NOT BE A FACTOR SINCE IT IS CURRENTLY NOT CONSUMING GRAINS.

5. DUTCH ESTIMATES OF CORN IMPORTS FROM THIRD COUNTRIES IN 1974/75 ARE 3.0 MILLION M.T. (1973/74: 3.3 MILLION). THIS LEVEL OF IMPORTS COULD VARY DEPENDENT UPON (A) THE PRICE OF FRENCH CORN AND WHEAT RELATIVE TO U.S. CORN PRICES, (B) FLUCTUATING CURRENCY RATES WITHIN THE COMMUNITY WITH CONSEQUENT BROILER TAXES, AND (C) EC STORAGE AND EXPORT POLICY. DUTCH COMPOUNDER REPRESENTATIVES POINTED OUT THAT THE PRICE OF CORN MUST BE AT LEAST U.S. \$9.50 PER M.T. HIGHER THAN EC SOFT WHEAT PRICE IN ORDER TO MAKE WHEAT ATTRACTIVE FOR FEED USE. NEXT THREE MONTHS (THROUGH FEB. 1975) WILL BE CRITICAL, BECAUSE IF CORN PRICES REMAIN AS LOW AS THEY HAVE BEEN IN RECENT WEEKS, THERE WILL BE A DEFINITE LIMIT TO EC WHEAT USE IN FEED DESPITE THE LOW PRICES RECEIVED BY FARMERS. THIS MAY RESULT IN INCREASING PRESSURE ON THE EC COMMISSION TO FACILITATE HIGHER EC WHEAT EXPORTS, WHICH IN TURN WOULD RESULT IN HIGHER U.S. CORN IMPORTS.

6. DUTCH DELEGATION CONSIDER USDA PROJECTIONS FOR EC SOYBEANS AND MEAL IMPORTS IN 1974/75 SOMEWHAT HIGH. THEY POINT OUT THAT STOCKS OF SOYBEAN MEAL ARE HIGH IN THE EC AND PRICES ARE LOW. AS A CONSEQUENCE OF THIS, CRUSHING MARGINS ARE VERY THIN AND OFTEN NEGATIVE. PROSPECTS FOR AN EARLY IMPROVEMENT OF THIS SITUATION ARE CONSIDERED RATHER DIM, AND CONSEQUENTLY CRUSHINGS ARE EXPECTED DOWN FROM LAST YEAR AT LEAST DURING THE NEXT 3-4 MONTHS. BUT PART OF THE LOWER SOYBEAN IMPORTS MIGHT BE COMPENSATED BY HIGHER SOYBEAN MEAL IMPORTS, SO THAT TOTAL IMPORTS IN SOYMEAL EQUIVALENTS MIGHT BE ONLY SLIGHTLY DOWN FROM RECORDS SET IN 1973/74. CONSIDERING THE PROSPECTS OF A HIGHER AVAILABILITY OF NEW-CROP BRAZILIAN SOYBEANS, HIGHER IMPORTS OF BRAZILIAN BEANS AND MEAL ARE EXPECTED, WHICH IS EXPECTED TO REDUCE THE DEMAND FOR SOYBEANS AND SOYBEAN MEAL LIMITED OFFICIAL USE

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FROM THE UNITED STATES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GRAINS, SOYBEANS, MEETINGS, NEGOTIATIONS, IMPORT CONTROLS, AGRICULTURAL IMPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974THEHA05859
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740351-1108
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741259/aaaabyyl.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2002 by elyme>; APPROVED <14-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING WITH DUTCH MINAG OFFICIALS AND DUTCH TRADE AND INDUSTRY REPRESENTATIVES REGARDING 1974/75 IMPORT REQUIREMENTS
TAGS: EAGR, ETRD, NL, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005